

### **REMARKS**

This amendment is in response to the Official Action dated December 29, 2006. Claims 1-7, 9-12, and 15-17 are currently pending in connection with the present application. Claims 1 and 11 are independent claims. In the amendment, claims 1 and 11 have been amended. Reconsideration and allowance is requested in consideration of the claim amendments and the following remarks.

No new matter has been added by the Amendment. Particularly, with regard to the amended claim language reciting that “*the user identifier is stored in and uniquely associates the user to an IC card*” and “*that the first privilege information is automatically converted to the second privilege information and added to a total of the second privilege information for the user when the user conducts transactions in the virtual world and the real world using the IC card,*” Applicant submits that support for the feature is variously found in Applicant’s specification as filed. For example, support for the feature is described in connection with Fig. 9, and the corresponding description of the functions performed by the settlement server upon receiving a privilege information conversion request. (See, e.g., U.S. Pub. No. 2002/0026444, ¶¶0020, 0086, 0090-0093).

Applicant appreciates the withdrawal of the rejection of the claims under 35 U.S.C. §112. Applicant also appreciates the withdrawal of the rejection of the claim1 under 35 U.S.C. §101.

#### **Entry of Amendment Requested**

Applicant respectfully requests entry of this amendment by the Examiner since it clearly places the application in condition for allowance. Further, Applicant submits that, at the least, the amendment should be entered since it reduces the number of substantive and/or formal issues necessary to place the application in better form for appeal.

35 USC §101 Rejections

Claim 11 remains rejected under 35 U.S.C. §101 for allegedly being directed to non-statutory subject matter. Applicant respectfully traverses this rejection.

The Examiner alleges that the basis for this rejection is that Applicant's claim 11 fails to accomplish a practical purpose. The Examiner further indicates that "the mere fact that the claims performs managing and converting of data" does not satisfy the requirements of 35 U.S.C. §103(a), citing *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) (hereinafter, "*State Street*").

Applicant would first like to remind the Examiner that the precedent of *State Street* sets forth that patents directed to the manipulation of data alone are patentable. In *State Street*, the Federal Circuit found that an application directed to the manipulation of stock data to produce a final share price was statutory. That Court stated that:

"...it is no ground for holding a claim is directed to nonstatutory subject matter to say it includes or is directed to an algorithm. This is why the proscription against patenting has been limited to mathematical algorithms . . . ."

*State Street*, 47 USPQ2d at 1602, quoting *In re Iwahashi*, 888 F.2d 1370, 1374, 12 USPQ2d 1908, 1911 (Fed. Cir. 1989) (emphasis in the original).

Under *State Street*, a claim is only required to have some conceivable practical purpose to be patentable. *State Street* **does not** set forth that a practical purpose must be set forth or evident in a given claim. *State Street* limited its exclusion to mathematical algorithms, because mathematical algorithms deal strictly with numbers, which absent greater context provide no practical purpose. It is for this very reason that the *State Street* court found that an algorithm directed to tracking stock value was practical and patentable, i.e., because it was tracking information that was *potentially* useful.

Applicant submits that claim 11 clearly recites subject matter having a practical purpose, within the requirements of 25 U.S.C. §101 as interpreted by the Federal Circuit. As in *State Street*, Applicant is claiming an invention that tracks transactional data representing value and information. The distinction between tracking share value and privilege information is irrelevant, being little more than a distinction between different kinds of transactional information (e.g. public and private currency). Furthermore, Applicant's claim provides considerable practical purpose by providing a technique for generating privilege information, involving user interaction, user information, data networks, and IC Cards.

Accordingly, Applicant respectfully requests that the rejection of independent claim 11 under 35 U.S.C. § 101 be withdrawn.

35 USC § 102 Rejections

Claims 1-7, 9-12, and 15-17 have been rejected under 35 U.S.C. § 103(a) as obvious over Postrel (U.S. Pat. No. 6,594,640, hereinafter "**Postrel**") in view of Chen (U.S. Patent No. 6,549,912, hereinafter "**Chen**"), in further view of Davis et al. (U.S. Patent No. 6,282,522, hereinafter "**Davis**"). Applicant respectfully traverses this rejection.

Postrel discloses a privilege points exchange portal. The trading server 20 disclosed in Postrel acts as a central bartering point between various rewards program servers 10, 12, 14, allowing a user to sell and repurchase rewards points from the various rewards programs (col. 5, ll. 39-43, 63-66).

With respect to claim 1, Applicant submits that neither Postrel, Chen, nor Davis teach or suggest "*such that the first privilege information is automatically converted to the second privilege information and added to a total of the second privilege information for the user when the user conducts transactions in the virtual world using the IC card.*"

First, Applicant submits that Postrel discloses a technique wherein a user manually transacts to sell and repurchase rewards points between different rewards programs by actively engaging in transactions. Postrel does not teach or suggest “*that the first privilege information is automatically converted to the second privilege information and added to a total of the second privilege information.*”

The Examiner admits that Postrel does not explicitly teach converting transaction results to points automatically, but maintains that such a transaction inherently occurs “according to some formula.”

It is respectfully submitted that the outstanding Office Action sets forth neither the necessary rationale nor evidence required to show inherency (in terms of a certainty) for the statements included in the Official Action regarding Claims 1 as required by MPEP §2112 VI. MPEP §2112 VI titled “Examiner Must Provide Rationale or Evidence Tending to Show Inherency” states, “the fact that a certain result or characteristic may occur or be present in the prior art **is not sufficient** to establish the inherency or the result or characteristic.” *In re Rijckaert*, 9 F.3d 1531, 1534; 28 USPQ2d 1955, 1957 (Fed. Cir. 1993). Still further, “[i]n relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic **necessarily flows** from the teachings of the applied prior art.” *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter 1990). **For Inherency to apply, a result cannot be feasible by any other method.** In the present case, there is no basis in necessity to convert the rewards points from a first format to a second format. On the contrary, Postrel clearly shows that such activity results only when intentionally initiated by the user. While the examiner alleges that this occurs automatically using transaction data, Applicant argues that rewards points could just as easily be produced as part of a given transaction, through various techniques and by various means. The fact that rewards points can spring from transactions in a multitude of ways is, by definition, proof that such results **are not inherent**.

Second, Applicant submits that Postrel fails to distinguish between virtual world transactions and real world transactions. Postrel fails to, and the Examiner has never shown in any of the preceding Office Actions in Postrel, a difference between real world and virtual world transactions, including “*a first management apparatus for managing first privilege information generated in accordance with a transaction that is conducted by a user via a network in a virtual world*” and “*a second management apparatus for managing second privilege information that is generated in accordance with a transaction conducted by the user in a real world*.” Instead, Postrel groups rewards points based on the credit card company offering rewards points. Thereafter, Postrel allows for manually transacting rewards points between credit card companies. Therefore, Applicant submits that Postrel does not teach or suggest the use of two apparatuses for managing two forms of data relating to transactions on the two mediums.

Chen does not remedy the deficiencies of Postrel. Chen discloses a smart card that provides a loyalty file structure. In Chen, various loyalty file information (e.g., password, file number, label, etc.) is associated with each loyalty file and stored in the smart card. As with Postrel, there is no disclosure or suggestion of “*a first management apparatus for managing first privilege information generated in accordance with a transaction that is conducted by a user via a network in a virtual world*”, “*a second management apparatus for managing second privilege information that is generated in accordance with a transaction conducted by the user in a real world*”, or any kind of privilege information conversion “*such that the first privilege information is automatically converted to the second privilege information and added to a total of the second privilege information for the user when the user conducts transactions in the virtual world using the IC card*,” as recited in independent claim 1. In fact, as understood by Applicant, there is no mention whatsoever of any type of conversion of the loyalty file information in Chen.

Davis does not remedy the deficiencies of Postrel and Chen. Davis discloses a smart card payment system for purchasing goods or services online. In Davis, a client terminal with a smart card reader is used to transact with merchants who agree to smart card payments for their goods.

Payments are routed through a payment server, which uses the information associated with smart card to provide funds to a merchant in exchange for the bartered goods. As with Postrel, there is no disclosure or suggestion of “*a first management apparatus for managing first privilege information generated in accordance with a transaction that is conducted by a user via a network in a virtual world*”, “*a second management apparatus for managing second privilege information that is generated in accordance with a transaction conducted by the user in a real world*”, or any kind of privilege information conversion “*such that the first privilege information is automatically converted to the second privilege information and added to a total of the second privilege information for the user when the user conducts transactions in the virtual world using the IC card*,” as recited in independent claim 1. In fact, as understood by Applicant, there is no mention whatsoever of any type of privilege information or conversion thereof.

Since, whether taken alone or in any combination, the references fail to disclose features recited in independent claim 1, a *prima facie* case of obviousness for that claim has not been established.

For reasons similar to those provided regarding claim 1, independent claim 11 is also neither disclosed nor suggested by the relied upon references. The dependent claims are also distinct from the relied upon references, for their incorporation of the features recited in the respective independent claims, as well as the patentably distinct features separately recited therein.

Applicant further submits that the examiner has failed to reject Applicant’s **claimed invention** and therefore has not created a *prima facie* case against patentability. The Examiner has only paraphrased Applicant’s claims, leaving in those elements the Examiner believed were found in the prior art, and leaving out those that the Examiner believed were absent or unimportant. Therefore, in making the rejections, the Examiner has only rejected his paraphrasing of Applicant’s claims, failing to specifically cite and identify various elements of Applicant’s claims. For example, with respect to claim 1, the Examiner has not identified, nor do any of the references teach or

suggest, *a first privilege information* associated with *virtual world transactions* from *a second privilege information* associated with *real world transactions*. Similarly, the Examiner has not identified, nor do any of the references teach or suggest how the virtual and real world distinction exists with respect to a first management apparatus and a second management apparatus that manage the first and second privilege information, respectively. Although Applicant submits that neither Postrel, Chen, nor Davis disclose or suggest the features recited in these claims for at least the reasons noted above, Applicant respectfully requests the Examiner to clearly identify where such features are found, should the Examiner continue to rely upon the references.

Accordingly, Applicant respectfully requests reconsideration and withdrawal of the rejection of the claims under 35 U.S.C. § 103(a) as being unpatentable over Postrel in view of Chen, in further view of Davis.

In view of the above amendment, applicant believes the pending application is in condition for allowance.

Applicant believes no fee is due with this response. However, if a fee is due, please charge our Deposit Account No. 18-0013, under Order No. SON-2200 from which the undersigned is authorized to draw.

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Respectfully submitted,

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